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Thomas M. Sullivan  
Chief Counsel for Advocacy  
Office of Advocacy  
U.S. Small Business Administration  
409 3rd Street, SW  
Washington, DC 20416

Dear Mr. Thomas,

The Aircraft Electronics Association submits these comments in response to SBA's public outreach meeting regarding current efforts to implement the Small Business Paperwork Relief Act of 2002.

The Aircraft Electronics Association (AEA) represents over 1100 aviation businesses, including repair stations that specialize in maintenance, repair and installation of avionics and electronic systems in general aviation aircraft. AEA membership also includes instrument facilities, manufacturers of avionics equipment, instrument manufacturers, airframe manufacturers, test equipment manufacturers, major distributors, and educational institutions. Nearly 70 percent of the Association's regular members are small businesses.

AEA member companies are directly impacted by the federal paperwork burdens imposed by the Federal Aviation Administration (FAA).

The FAA considers the ability to conduct business in aviation as a privilege not a right: a privilege that they have absolute authority to grant. A small business is given the "privilege" of opening an aviation business by their local FAA inspector. Their local inspector has absolute authority to grant these privileges and with little recourse, deny the privilege.

The FAA has no program to review and improve any of the paperwork burdens that it imposes on small businesses. This report will focus on two specific burdens: the repair station manual and the FAA Form 337. These two paperwork burdens rely principally on the discretion of the local FAA inspector to determine adequate levels of documentation.

The FAA regulates aircraft maintenance facilities; these are referred to in the Federal Aviation Regulations (Title 14 CFR) regulations as a repair station. Each repair station is required to develop and maintain a repair station manual. This manual is developed by

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the owner or the operator of the repair station and submitted to the local FAA office for what is termed “acceptance”. The manual is intended to provide adequate repair station administrative procedures to assure the FAA that aircraft maintenance is conducted at a level which meets regulatory standards.

To instruct the small business owner on how to develop and submit the manual the FAA has published FAA Advisory Circular (AC) 145-3. However, most FAA inspectors disregard AC 145-3 as being substandard and impose their personal requirements onto the repair station. In some instances, FAA headquarters has published internal orders that instruct the FAA inspector to require more than the guidance requires, in other instances, regional FAA offices will instruct their regional field office to require documentation that goes beyond regulation or advisory material.

In addition, since the content of the repair station manual is dictated by the individual FAA inspector, a routine FAA inspector transfer or retirement will result in the new inspector requiring some changes to the repair station manual. While this is not in strict compliance with the Federal Aviation Regulations, the aviation small businesses are so intimidated by the absolute authority of the individual FAA inspector the business’ owner capitulates to the inspector’s whims. It is not unusual for a small business to spend 40 hours developing a manual and 30, 60 and in some cases over 300 days in negotiating the acceptance of the manual by their local FAA inspector; this negotiation usually including numerous editorial revisions.

The FAA continues to disregard the administrative burden of the repair station regulations (14 CFR Part 145) with its recent rulemaking. The FAA revised Part 145; the regulations governing repair stations. The effective date of this revised regulation is April 6, 2003. As of March 1, 2003 the FAA had not published a final Advisory Circular that describes the form and content of the new repair station and quality control manuals. However, hundreds of repair stations have been forced by local FAA inspectors to develop and submit the required manuals using pre-public notice drafts of the new Advisory Circular for repair stations manuals, (AC) 145-MAN. This pre-public notice draft contained significant discrepancies and dramatically exceeded the regulatory requirements of 14 CFR Part 145. On numerous occasions the FAA headquarters has been notified that small businesses were being made to expend precious resources in complying with these local mandates with FAA headquarters providing little systematic recognition of the national burden or true relief for these aviation small businesses.

Another example of excess administrative burden on the part of the Federal Aviation Administration is the use of FAA Form 337, Major Repair and Alteration form. This form was approved by the Office of Management and Budget as OMB No. 2120-0020. In their application, the FAA claimed an average of 30 minutes time was required per application.

FAA Form 337 is used by every aviation small business that performs major repair to aircraft, aircraft engines or propellers, every small business that alters an aircraft, aircraft

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engine or propeller and by every avionics repair station installing upgraded avionics and electronics systems. And while this FAA form is required for documenting major repairs and major alterations many FAA field inspectors “encourage” the business to document ALL alterations on this form. The Federal Aviation Regulations contain strict documentation requirements; the action of individual inspectors to “encourage” redundant recordkeeping is just another case where the local FAA inspector places an excessive administrative burden on small businesses.

To compound the administrative burden, the FAA provides public guidance in the use and submittal of this form in Advisory Circular (AC) 43-9 however, the FAA has exponentially increased the requisite information that must be included on this form to the point where the original 30 minute average now exceeds 8 hours and typically 3 to 5 re-writes.

While the basic FAA Form 337 has changed little since its original OMB approval, the Agency has systematically increased the documentation requirements that must accompany the submission of the FAA Form 337 through internal FAA orders and policies limiting the ability for individual inspectors to approve the document without the additional documentation. These additional administrative burdens have increased without OMB oversight.

The Aircraft Electronics Association on behalf of their membership ask for the assistance of the Small Business Administration to encourage the Federal Aviation Administration to develop small business friendly administrative procedures that assures clear and concise instructions are publish for the submission of required manuals for repair stations; that clear and concise instructions are publish for the submission of required documentation for FAA Form 337; that the agency initiate a internal audit system to assure that small businesses are not being required to meet a higher standard that larger businesses who refuse to be intimidated by the local FAA inspector; and that the FAA review their paperwork burden on small businesses to eliminate any requirement that does not directly improve aviation safety.

Sincerely,

Richard A. Peri  
Vice President  
Government & Industry Affairs